

Abolish subcommittee

1. Perhaps you should abolish the subcommittee on appropriations. I have made this comment over the years also. We hear from hundreds of real people and their concerns, wants and needs. It is very good feedback and we have to decide who we can help or not. We do not make decisions in a vacuum but weigh all the various areas of needs vs. budget issues. At the end we also have to weigh the other values and wants of the legislature. The problem is regardless of who testifies, the Governor's basically want the budget as presented by the executive.

I realize there is criticism of the House Republicans as to the ignoring of all the testimony. But that is nothing new. I remember several sessions when no matter what the committee does it basically goes back to the Governor's budget. My concern is the same here. The budget is used as a bargaining chip to get tax cuts and when that is arrived at, the Human Service budget is "agreed" to go back to the Governor's budget and all the work we do is a waste of time. It would be a lot simpler to abolish the subcommittee, because no matter who you put on it, there is still going to be the problem of members saying you need to fund these programs and not roll over to who ever leadership is of either party.

2. Where we have been.

a. When I first came to the legislature and these are rough numbers. 75% of the general fund was spent on simply maintaining people. Now I think that amount is down to less than 25%. Those people are the serious disabled and some senior citizens. For example now on the Medicaid rolls, appropriately 18,000 are disabled, 7000 senior citizens, there are 3000 families on TANF- all of whom must work or seek work and training, and about 48,000 children. Those children have parents that make from 34% to 100% of the poverty rate- and they are all working families. Foster care went from simply pulling families apart to putting them back together or if that is not possible looking for permanent adoption. Tanf went from over 17000 families to less than 3000 families. Most of the institutions have been destroyed. We went from close to 500 persons in Boulder to less than 50 in another year. There is no General assistance program, no Eastmont, no Rivendale, no Magellan. We make people wait on waiting lists for most of their lives, we tell people you get no health care and likely will die. We as a committee must figure out between ourselves with competing values who gets services or not and then must compete with the rest of the Legislature over their own values.

We have moved toward opportunity for people to get ahead and moved to community services. We have programs that the money follows the persons. What if education had to do that? And yet we can always do better. That is why the subcommittee moved the Governor's budget around and moved more to prevention, opportunity and community. The federal government is going to cut back its dollars and the cuts will come in administration and a lot of those fully federally funded programs. The committee is giving people help in the communities to prepare for these cuts and help themselves be more self sufficient. It takes members from both political parties to weigh their values and compromise on who we help. We do not help everyone nor can we. We have hundreds on waiting lists, and we do not allow many people onto medicaid. We are in fact one of the lowest in eligibility for those that qualify for medicaid. Also our health care in medicaid has a lower cost growth than your health insurance and we have sicker people with the elderly.

B. **President Reagan** was the President that began the move to keep people out of institutions- not just because it was cheaper but people were more independent, with their families when possible and people had more dignity. We have continued this movement. So why keep picking on us?

c. I think there is far more corporate welfare going on than people welfare. There are always people taking advantage of a situation regardless of their income. Yet in Montana we have one of the lowest

frauds in human service programs in the nation. We get awards for making such low rates of fraud. Our staff also makes sure that if there are other payers for health care- they pay first. The department can show that they are making other payers pay over **100 million dollars** a year instead of having medicaid pay the bills.

d. People may not like the maintenance programs from the federal government. Most of those programs are totally one hundred percent federal dollars. As you can see above when we use our general fund, we have moved to community, to opportunity, to helping people help themselves.

3. I would hope that our budget is not a pawn to get tax cuts and then it all goes back to the Governor's budget after the deal is cut. If that is going to happen, please abolish our committee.

Human Service budget additions by the Committee by Senator Cobb- my viewpoint only

1. Governor budget was pretty much accepted as is with a few changes

- a. The committee majority moved 3 million general fund from taking down the waiting list for developmentally disabled to raise wages for direct care staff that help those people. If you can not get the people to help the existing people who are disabled it is hard to lower the waiting list. There was still left one million general fund dollars plus matching federal dollars to help some on the waiting lists. The proposal from the budget at first had 4 million dollars plus close to 8 million federal dollars to help 50 people on the waiting lists.
- b. We did not fund the meth advertising program at this time. The money was moved to 24 hour seven day a week suicide hotline.
- c. We took one million of the two million of the low energy heating assistance program and moved it to aging services for services in the communities
- d. We ended one job training program in TANF- and moved it to other job training programs within Tanf. Tanf is the cash assistance and work programs for low income assistance program for spouses with children. See Rep. Caffero for any questions.
- e. We used legislative staff estimate for the Big Sky RX program for senior citizens. This is the program that funds the monthly payment for seniors on the Medicare part d program. The program had a late start due to Medicare part d getting up and running- where the federal government pays for drug prescriptions.

2. Additions to the Governor's budget.

- a. Increased direct care staff wages. The Governor had already given a 51 cent per hour raise to those direct care in the developmental programs. We raised all direct care staff- in nursing homes, home health care, mental health community programs so the total wage increase in 70 cents per hour. We further raised all wages so that there is a minimum wage of \$8.50 per hour so those that are at 7 dollars or less received a much larger increase. The 70 cents wage increase is before taxes, withholding, etc. It should work out to around 45-50cent per hour wage increase as actual wages. It is only for those who staff where Medicaid is a payer and it is also up to each provider if they wish to participate.
- b.
- c. Provided 2.5% provider rate increase the second year of the biennium. The Governor's budget gave 2.5% for the first year to most providers but only a limited amount the second year. The committee gave to providers a 2.5% each year (except to developmentally disabled programs since they are under reorganization and part of their increase funding is all ready taken into account.) affects 10,000 providers
- d. The committee using I-149 money raised the eligibility of chip from 150% of poverty to \$175% of poverty contingent upon Sen. Winberg's bill passing.
- e. The committee using I-149 money raised the eligibility for health care for pregnant mothers from 133% to %150 percent of poverty. The problem is that once a baby is born they can get on CHIP but until the baby is born the mother if low income gets no health care prenatal care if she has an income between 133 to 150% of poverty. Members felt that saving a few low birth wt babies from being low birth wt would pay for this increase.

f. The committee used general fund to pay to nursing homes and home health care programs in case the federal government denies the use of county money. The state has been using county money for years to help match with federal dollars and use back in nursing homes and communities. The federal government has a proposed rule to do away with this. It amount to 1.6 million per year. Some in the department of human services do not believe this rule will come into effect. But to be on the safe side the committee put the money in. If the rule does not go into effect the general money is moved as follows:

- i. Roughly \$600,000 per year is moved to help those disabled children above 3 years old. There is a federal program that helps disabled children until 3 and then they are dropped and put on waiting lists. This additional money is to be used for those children- about 55 per year.
- ii. One million dollars per year will go to public health division to make up any federal preventive block grant cuts. This money is used for prevention, shots, etc. If there is no money cut from the block grant, the division will use it for prevention and treatment of disease and illnesses. This state is at the bottom of state prevention programs. Most of the money comes from the federal government. Also most of our health care money is spent on treating illnesses not on prevention or alleviation of illness. Most of the money spent on treating illnesses is caused mainly by our own behavior. This state is going to move more toward getting people to be more responsible for their own behavior, catching diseases and illnesses earlier- like diabetes and slowing down the costs of treating the illness when it is full blown.
- iii. The committee is doing a committee bill to take 2.7 million each year of the I-146 money and use it in chronic disease treatment and detection – heart, diabetes, cancer- earlier on. This is the first major use of state money to move toward treating people earlier on and not later when the costs are enormous.

F. medically needy program. We lowered the amount that people must "spend down" to receive health care services and other services in Medicaid. If your income is too high to qualify for Medicaid some people such as children, persons with disabilities, pregnant women and the elderly who have family income which exceeds the income limit for Medicaid may spend down their income on medical bills to get Medicaid. It operates like a private insurance policy with a deductible. What is happening now though, is we make people spend down below the income limit. So people who have only income up to the income limit get Medicaid. Those who have income above the income limit must spend below the income limit which does not make much sense. So over two years we will bring those spend downs only to the level on the upper limit.

g. Mental health

- i. \$500,000 per year for 10 or more drop in centers for mentally ill in the communities. Ask Billings how this works- it is a place of mentally ill to go to be counseled, checked on medication, etc each day.
- ii. suicide hotline/ombudsman- there will be a 24 hour 7 days a week suicide hotline plus one person making sure that communities are coordinated within the help prevent suicide where possible.
- iii. Mentally ill offender services- the dept will help pay for drug medication for the mentally ill leaving the corrections- prisons and juveniles. Right now those people get 30 days worth of medication. Studies show that there is less recidivism if the mentally ill

offenders have drug medication. There is also money set aside to make sure that some of those leaving the corrections system get mentally ill treatment counseling as well as if some are SSI eligibility that the dept help them get SSI.

- iv. BIF this is for a smaller hospital to take patients that do not need to go to Warm Springs and yet need more care than out patient treatment. It would start at the end of the first year of the biennium.
- v. Increase money for the mental health services plan. There is an increase of 7 million dollars general fund to increase services to the mentally ill in the communities. A part of the services will go to fee for service- other mental health providers may also provide mental health services instead of just a few.

G. physician rate increases- besides the 2.5% to providers each year above described- there is also a roughly 5% additional rate increase to physicians. There is a problem of physicians taking those on Medicaid because our reimbursement rates are so low. If you can not have physicians take more Medicaid patients they go to emergency rooms, etc which cost more.

- h. Raise campus rates- we raised some mental health provider's \$100,000 total general fund to pay closer to cost and also to keep some children from leaving the state for mental help in higher cost facilities.
- i. We have an excellent template with the goals and performance measures of the department. Members of the legislature may wish to change these. But the dept. has to justify their base budget and that is what they are doing. They must also report to the legislature through certain committees on their progress as to the performance measures or loss their administration costs. They must also report on certain new programs and their justification and measurements of those new expansions or programs so the next legislature can decide if they are worth continuing or not.

I. health care for some health care workers. The committee funded health insurance for approximately 1700 home health care workers the second year of the biennium. The actual health care program has to be worked out first before it can be implemented.

From: Celcobbo@aol.com
Sent: Sunday, March 04, 2007 10:39 PM
To: Cobb, Senator John
Subject: human resources

Comments on House Bill 808

Subcommittee action

1. The actions in the original HB2 by the subcommittee should replace the appropriations, language and narrative of HB 808 dealing with the budget for DPHHS.

Goals and performance measures

2. That the House Appropriations and the Full House of Representatives should not take out the language and restrictions on appropriations that make reporting on the goals and performance measures contingent for certain appropriations. I believe the Department has no problem in allowing this information to go to the various committees. The department has to report various measurements and goals to the federal government all the time with penalties for not meeting certain measurements or goals. We would not be so harsh to the Dept. in requiring the reporting or losing their funding but the Executive is not for reporting to Montanans. Accountability belongs to neither party alone and making the dept. justify their base budget and new proposals is accountability.

Technical amendments

3. There are several technical amendments that may have to go on the bill. I would encourage that they go on in committee if possible if they are offered separately. These are clean up and are not there for any tricks.

Other amendments

4. There are several additional amendments that Rep. Clark may offer to fix some other problems. I do not know if she will be offering them in one large amendment or not. The subcommittee and staff do not stop working once the bill leaves the subcommittee, there may be other money changes.

Prescription drugs

a. One is to fund prescription drugs for the mentally ill leaving the Montana State Hospital. Several sessions ago in a budget cut of mine, it forced the Hospital to cut prescription drugs to the mentally ill leaving the hospital. That made a great hardship to those leaving that needed prescription drugs and could not get it. It may have helped create a revolving door situation. This amendment simply takes money from the State Hospital and restricts it for several days' worth of medication for those leaving. If there is money later appropriated to be used for this specific purpose, that would be better but until then the money comes from the Hospital budget. There is no additional appropriation for this. It will save money.

Funding mental health committees

b. Another amendment takes money from the AMDD division (mental health) and restricts it to fund the SAA's. These are regional mental health committees. They were getting 15,000 per year and they had requested in a bill from Senator Pease for additional appropriations. The amendment I believe funds them each an additional 70,000 per year. There is no additional appropriation for this amendment. Former Senator Keenan helped create these committees.

Tribal government

C. there were performance measures and goals dealing with the Tribal government and health care. The goals and their implementation were supposed to be reported to the legislature. The additional amendment language makes them also report to Tribal governments twice during the

biennium as to the goals and performance measures. If certain of the goals are reached, this will possible help Tribal Governments and their People fund more of their own health care with federal dollars as well as allow some decrease in general fund to the state. I personally think this is several million dollars a year that would be additional federal funding for Native Americans but there is a lot of work to be done.

D. there could be other amendments by Rep. Clark but I am not aware of them yet.

e. I would recommend that HB 808 return the I -149 money back to the subcommittee action. We (the subcommittee) still spent a little more than what was recommended in I 149 spending by the Governor. The concern by the administration is that I 149 will go broke quicker than they want it to. But then they have no problem of taking 16 million every biennium out of TANF- fund elsewhere and that program will go broke in several years.

SSI

5. Attached is an amendment for three staff to be used by DPHHS and Corrections to assist persons coming out of the State Hospital and Corrections that may be eligible for SSI. This program is for those individuals that are unlikely to ever work. They receive health care and the federal government also pays them a payment each month. The departments have been working on this, but hiring several specialists would increase the numbers that go on SSI. I think there is big money savings here over the next several years but it will not come all at once. I have to review the appropriation needed. The attached said it would be around \$ 280,000 per year, but I do not know if that is all general fund or there may be some federal dollars also. This would be a new appropriation. It is going to save money.

STEP and BIF

6. If the House majority is not going to fund STEP and the BIF programs then you need to fund the corrections subcommittee's recommendations for the corrections budget.

Meth advertising

7. The subcommittee on Human Services did not fund the one million dollar general fund for the meth advertising. It was my understanding that the second floor was not too excited about this program and that also it was going to be transferred to Justice by a House member. There were also questions about how effective it was. Anyway to make a long story short, it was not funded. If you want to fund it, it costs one million dollars or so depending on your decision and also you have to decide where you want the money placed in which department.

8. Health care for home health care workers

If you put the money back in for health care for workers (that never had health insurance but only Medicaid ,if that, all these years) you may wish to start it on Jan. 1, 2008 instead of July 31, 2008 to get it up and running. I know it will cost about 1.2 million dollars general fund to start earlier but I compare that with the Governor's budget to spend over 1 million dollars for free fishing licenses and I think if one ways the values , health care for working Montanans outweighs the licenses. You can though do both but you will have to take the 1.2 million out of the ending fund balance. I was at meeting in the budget office where it was brought up earlier this year that the number one thing that had to be killed was this health care program. I do not know if that is still the case.

Health care

8. I will know today if this bill is broad enough to mandate that all contracts and possible providers that want to work with the dept. have on contracts have by July 1st 2008 health insurance for all their employees, or that employees have health insurance by themselves or through others- spouses, etc, or that they have medical savings accounts or flex accounts. If the employee does not have a savings

medical account or flex account they must sign to the employer that they do not want one. If this is possible, then some legislator may wish to make an amendment to this effect. This costs nothing to the state. There may be a reduction in state income tax with more people deducting medical expenses through their medical accounts. The agencies will scream that it will be hard to enforce, but they will make it work.

SB89

9. That there be a goal that all facilities that are owned or rented by the Department areas for caring for children or producing milk for children in accordance with Senator Williams bill number SB89.

Fiscal Notes

10. I was going through the bills that have fiscal notes that affect this agency. It would be good if the three members of the subcommittee from the House would have a chance to look at these fiscal notes with their staff and recommend to the House Appropriations whether they should have appropriations contingent upon passage and approval of those bills. This could be done today before executive action. I know this is usually done at the end, but there are fiscal notes that get lost in the process and should be funded but at the end it is usually a debate between the Governor and the legislative leadership of what goes in or out and many little fiscal notes get lost. The agencies take care of themselves but the appropriation members need to take care of each other and their respective Houses also.

Floor action vs. committee action

11. I have heard a rumor that there will be no amendments offered in the full appropriations committee and all amendments will be offered on the floor. I did not see yet any amendments from the minority but they may be out there. I wish that was not the case that amendments would only be on the floor and not in committee, but do what you have to do. I was a House member for 16 years and hated it when the Senate would lecture the House on what to do. So I apologize if I offended anyone with the above recommendations.

I realize you have to pursue and vigorously defend your differences between the parties and within each party. One party may get the knock out punch they are looking for, but that rarely happens, but unless you try, how would you know. I always thought the hardest part of being in the House is after all the fighting over differences looking for that knock out blow, trying to find those few votes and when in the end it is in fact a tie then trying to compromise without compromising your principles. It is just darn hard to do. I hope you can do it otherwise the Senate steps in. I always hated it in the end regardless of who controlled the Senate when they step in. Hopefully in the end the House of the People will after all the fighting that they must do and rightfully must do, will find a way to compromise without compromising their hard felt principles.

Ending game plan

12. Bottom line, I think the budget process and tax cuts are about the same as usual. The budget is a side issue until the tax cuts are done. I think there are about 200 million give or take 20 million that can be used for tax cuts. That sooner or later there has to be a discussion with the Governor and Democrats on what tax cuts in property tax (mainly should take place). That the Governor will probably try to get most if not all his budget back regardless of public input (that is normal) and corrections and human service committees will try to keep the rest of the legislature and the Governor from changing the subcommittee work in order to subsidize property tax payers that pay for part of education.

Sincerely; Senator Cobb